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10 July 1967

## GUIDELINES

I. The Civil Service Commission has rendered a significant decision concerning the provision of new fringe benefits for certain contract employees.

Heretofore employees hired on a contract basis were not entitled to Civil Service Retirement, Federal Health Benefits, Federal Employees Group Life Insurance and Unemployment Compensation Benefits. In an attempt to correct the inequities involved and to reduce management problems in the field of retirement which have loomed larger year by year, this Agency initiated action to obtain these benefits for certain U. S. citizen contract personnel. The Commission in its decision, effective 1 July 1967, approved the Agency's request and provided for Government wide application.

Some employees under contract will continue to be excluded from Civil Service coverage. Specifically included in this group are resident aliens, foreign nationals, intermittent employees and those employees who, although otherwise qualified, are employed for a term of one year or less. Independent contractors (contract agents) are not employees and continue to be excluded.

II. Effective 1 July 1967 and thereafter all new contract employee agreements with U. S. citizens will routinely provide the new fringe benefits unless:

- (a) The term of the contract is one year or less.
- (b) The contract is for the intermittent performance of services (no regular schedule, WAE).

III. In regard to employees currently under contract, Agency components are requested to take the following action:

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Step One: Review the file of each contract employee (including career agents) to identify those who meet basic eligibility requirements i.e. U. S. citizenship, regularly scheduled employment and a contemplated employment relationship exceeding one year.

Step Two: Determine which eligible contract employees should be designated to participate in the new fringe benefit programs.

Step Three: Formally request Contract Personnel Division, Office of Personnel to prepare new contracts for designated contract employees which include the new benefits. The duration of these contracts must be in excess of one year. The requests should also contain a certification that the listed individuals meet all basic eligibility requirements.

It is expected that Step Two results will be affirmative in most cases. However two factors which might produce a negative decision in a particular case are:

- (1) The imminent termination, resignation or retirement of an individual.
- (2) The fact that an individual has almost enough quarters of coverage to permanently qualify him for a retirement annuity under the Social Security system.

It should be noted that the new benefit programs constitute a "package" deal. Within the package certain options can be exercised but a contract employee cannot choose part of the new package and part of the old. For example he cannot continue under the Social Security system and pick up FEGLI or Government Health Benefits. Similarly, he cannot participate in Civil Service Retirement and FEGLI but request a continuation of his contract employee health insurance program in lieu of Government Health Benefits.

#### IV. General Observations.

The date 1 July 1967 has no retroactive significance in a changeover to the new benefit programs. For example Civil Service Retirement coverage will start the effective date of an individual's contract subsequent to 1 July 1967.

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[REDACTED]

Federal Employees Group Life Insurance coverage will automatically be effected unless specifically waived in writing by a contract employee.

Federal Employees Health Insurance will be available through a number of approved plans during an open period of 31 days from the effective date of the new contract. If an individual fails to elect coverage under one of these plans during that period he will be left without any Agency health coverage until the next qualifying period. His former contract hospitalization insurance will be cancelled.

*How about group health will it be covered*

Heretofore contract employees under Social Security coverage were denied Unemployment Compensation by Executive Order. This exclusion is now removed for employees authorized to participate in the Civil Service Retirement system.

The Agency will not reimburse a contract employee participating in the Civil Service Retirement system for mandatory Social Security deductions required by virtue of his cover employment.

*Don't see*

Contract employee service performed since 1 January 1955 under the Social Security system is not Federal creditable service for Civil Service Retirement purposes.

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1. Sample Clauses - FEGLI  
Health  
CS Retirement

2. May previous contract service be creditable to Civil Service Retirement?

No

May it count for both CSR and FICA?

No

May deposits be made to cover previous contract Service?

No

3. When may the amended contracts be made effective?

Not retroactively I assume.

4. If a contract employee desires to complete enough time under Social Security to qualify before coming under the new fringe benefits - can he?

*Yes*

What is the time limit to switch over - timing?

At time of renewal next time or when?

*For How Long can a contract exist.*